

January 19, 2012

Dear Representatives,

Please oppose the sanctioning or implementation of the Health Care Act in the State of Michigan including the establishment of health care insurance exchanges. I especially urge that our state take no action before the U. S. Supreme Court rules on its constitutionality or before the 2012 elections which may render any of these current considerations mute.

I believe that some of our legislators are persuaded that establishing such exchanges will pre-empt Obamacare but quite the opposite is true. Instead of pre-empting, such legislation will open the door to federal programs.

I would like to read into the record an article by Jack McHugh from the Mackinac Center which speaks to this issue: **Legislators: Be Careful What You Wish for on Health “Exchange.”**

*While Gov. Rick Snyder and some GOP legislators are using the reassuring language of a modest “Heritage Foundation-type” or “Utah-type” health insurance “exchange” to advance legislation, the Snyder administration is requesting strings-attached Patient Protection and Affordable Care Act grants that increasingly commit the state to something very different: a full-blown “Obamacare exchange.” The latter is not really an exchange at all, but rather the agency through which PPACA’s mandates, subsidies, regulations and rationing will be imposed.*

*... The legislation that has been introduced creates the structure of an exchange, but does not spell out full details of its duties or powers.*

*Whether intentionally or not, Michigan legislators may be getting set up for a “bait-and-switch” vote. The administration’s actions increasingly guarantee that the entity any legislation creates will be an Obamacare exchange, even though the bill may not explicitly say this and may be sold as something much more modest.*

*The consequences will be the same, though, whatever form the bill’s supporters’ sales pitch takes. Cato health policy expert Michael Cannon recently described some of these consequences in testimony to the Missouri Legislature, which is also being confronted with exchange legislation. Here is an excerpt:*

(OVER)

If you opt to create an Exchange, then among your many responsibilities will be such diverse tasks as the following. You would be responsible for ensuring that carriers do not follow the law's enormous financial incentives to avoid, mistreat, and dump the sick. You would have to run a reinsurance program and a risk-adjustment program. You would have to define and monitor "network adequacy" as well as each insurance carrier's service area. You would have to monitor each carrier's marketing materials. You would have to monitor and enforce carriers' compliance with the law's other anti-discrimination provisions. You would have to fund and monitor the "navigators" the law envisions. You would have to fund the Exchange in 2015 and beyond, perhaps with a premium tax. (Oregon has opted for a premium tax of up to 5 percent.) Then there's all the reporting you would have to do to Washington, the approvals you would have to obtain and the months and months of waiting for an answer on everything.

*In other words, be careful what you wish for when voting for an exchange that's "just a Travelocity and Orbitz for health insurance."*

*It is very likely that only a handful of states will have operational exchanges by the supposed "deadline" of Jan. 1, 2013, and the feds do not have the capacity to set up many state exchanges themselves. Given this, prudent state lawmakers should ignore the false urgency implied by exchange supporters. If it's not about creating an Obamacare exchange, what's the hurry anyway? After all, in 2013, the country will know better the final fate of the PPACA.*

For the reasons above, I urge you to oppose Governor Snyder's Rule Revision for Community Health as well as SB 595 and SB 693 or any Michigan health insurance exchange legislation. It is imprudent to adopt such provisions now if ever.

Thank you for your time and consideration.

Most sincerely,

Testifier name Chris Terriano